

What Tasks Should HR Be Outsourcing?

If your firm is feeling overtaxed with HR tasks, consider outsourcing these.

6 Functions HR Departments Are Outsourcing

Too often, HR gets bogged down with tasks that could be handled by outsiders.

6 HR Tasks to Consider Outsourcing

If HR is overwhelmed with the number of tasks it's expected to handle, it might be time to outsource.

If your human resources department is feeling swamped, it may be doing too much.



According to a [2017 survey](#), HR is now taking a more pivotal role within organizations than it once did. Rather than being viewed as a department that sets policy and handles administrative tasks, HR is seen as having a vital role in shaping company culture and developing employee talent. As the role of human resources departments changes, many companies are opting to outsource HR tasks they traditionally handled.

Fifty percent of businesses are outsourcing at least some of their human resources tasks, freeing them to focus on their core competencies, [according to Forbes](#). This often saves companies money and time while providing task-specific expertise when it's needed, says Bharat Vagadia in *Strategic Outsourcing*. An HR department then doesn't need to have expertise in every HR function—rather, it needs to provide strong oversight and coordination.

For these reasons, outsourcing certain HR functions had become one of the most important HR management trends by the late 2000s, according to Richard Haines in *Human Resource Management: A Critical Approach*. Small and mid-size firms often choose to strategically outsource HR functions as their company grows.

When considering what to outsource, ask yourself which tasks are most central to the company's [strategic mission](#). Many organizations are opting to outsource a number of administrative tasks and other duties. Freeing staff from handling such responsibilities allows them to focus on functions that are more closely related [to the organization's core mission](#), like managing leaders' development.

Commonly Outsourced Tasks

Basic Screenings

[Some functions](#) – such as drug testing and background checks – simply aim to find out whether an employee has violated a policy, broken the law, or provided dishonest information. They're like

questions with a “yes” or “no” answer – there’s no need for in-depth analysis. Such tasks can easily be entrusted to outsiders, a choice that many companies are making.

Recruitment

Many businesses are outsourcing elements of their recruitment program, says BPP Learning Media in *Business Essentials: Human Resource Management Course Book*. According to Haines, such elements may include:

- **Reading resumes.** Instead of sifting through endless resumes, many companies [contract this task](#) to a firm with powerful software that can quickly target the most promising candidates.
- **Advertising job openings.** A firm with expertise in this area can reach target candidates more cost-effectively than an overtaxed HR department. Such a firm might develop and implement the advertising plan and the company’s branding as an employer.
- **Developing interviewing methodologies.** Regardless of who conducts the actual interview, an outside firm with expertise on behavioral analysis might create the process for vetting prospective hires.
- **Deciding on compensation and benefits.** An outside firm that studies average compensation and benefits for a given position might help determine the compensation package offered to recruits.
- **Interviewing candidates.** An outside firm might hold initial interviews, conducting psychological profiling and making recommendations. Much less commonly, the outside firm might make actual hires.

Once the recruitment professionals have chosen a small pool of the most suitable candidates, the HR department or other managerial staff typically take over, conducting interviews and making the final selection. Most companies want to make the ultimate decision themselves, says Haines.



[*Image source*](#)

Because a full half of an HR department's budget usually goes toward recruitment costs, outsourcing at least some elements of recruitment makes good financial sense.

Additionally, outsourcing helps streamline the recruitment process, making it less frustrating for everyone involved – including potential new hires.

Administrative Tasks

Many companies are opting to outsource administrative tasks so they can focus on [core competencies](#) like talent management.

Such tasks may include:

- **Payroll processing.** Management of employees' compensation can often be streamlined by an outside firm that specializes in such matters.
- **Administration of benefits.** Managing and administering benefits can be a time-consuming process, particularly when employees have different benefits packages. Furthermore, ensuring legal compliance requires specialized knowledge that internal staff may not have.
- **Relocation planning.** Similarly, decisions about relocation assistance might best be handled by an outside firm that knows the standard practices in this area.



[Image source](#)

Teaching or Coaching

For tasks that involve imparting specialized skills or experience to employees, it often makes sense to bring in an outside expert. Commonly outsourced developmental activities include:

- **Health and safety training.** Outside expertise can be crucial when it comes to safety and health issues.
- **Sensitivity training.** For topics such as addressing implicit bias, avoiding sexual harassment, and developing cultural sensitivity, training experience and expertise are vital.
- **Job-specific training.** Hiring an instructor with excellent teaching skills to lead workshops will get the most from your people without taking expert staff away from their own jobs.
- **Content development.** An outside firm can provide content for a training plan that organizational staff can use on an ongoing basis.
- **Executive coaching.** Top leaders might need advice from outside experts in order to continue growing.



[Image source](#)

Internal HR staff usually determine who needs training and what type of training is required, although an outside expert might guide them through such decisions.

Organizational Development

Consultants can also provide a valuable outside perspective about how a company could improve its operations or culture. They might design [processes and systems](#) such as the following:

- Performance evaluation systems
- Workflow processes
- Structural changes
- Executive compensation plans

An outside firm might also have [access to technologies](#) that could improve the organization's systems and processes. The organization then has access to these new tools without having to spend time creating them.

Tasks such as surveying employees about salary satisfaction can also be easily outsourced.

Compliance Issues

Some functions require an in-depth knowledge of the legal code, which human resources staff don't necessarily have. Even if they're well-versed in it, you need someone who's an expert on ever-evolving laws and legal precedents. An outside professional is often best equipped to create the following:

- Affirmative action policies
- Sexual harassment policies
- Health and safety compliance procedures

- Procedures for addressing behavioral issues
- An employee handbook

[Outsourcing such tasks](#) can ensure your company is on-point when it comes to matters of legal compliance and best practices in employee relations.

Cultivating an ongoing relationship with a legal expert you trust will help ensure consistency with compliance.

Internal HR Tasks

Certain tasks, such as the following, are more often [handled by in-house staff](#).

Talent Management

The younger generations of employees expect a great deal of [career development support](#) from their organizations. They want ongoing mentorship and learning opportunities. Thus, talent management has become one of the most important HR functions.

Particular tasks within this area can be outsourced, like leading workshops and seminars. However, strategic training decisions are usually made internally, according to Ian Hunter and Jane Saunders in *Human Resource Outsourcing*. The overall design of talent management programs for particular individuals might be best handled by internal staff who know those employees and observe their work closely.

Employee Relations

Employee relations issues are often best handled internally as well. When it's time to talk with an employee about a behavioral issue or violation, an internal department will have the inside information

on what happened and whom to contact to verify facts. The same holds true for dispute resolution. Severance decisions are also typically handled internally, according to Hunter and Saunders.

In such instances, the learning curve would be higher for outsiders than insiders, meaning it's often easier and more cost-effective to handle such issues internally.

Succession Planning

Decisions about who will become the organization's next leader are usually made by the people who know the employees well. Managers who closely observe their work are best poised to make recommendations and develop plans for how succession might look.



[Image source](#)

Questions to Ask Yourself

When considering whether to outsource a task, ask yourself the following questions:

- Does an outsider have more expertise in that area?
- Can an outside firm handle the task in a more cost-effective manner?
- Does the task relate strongly to your strategic mission, or is it more of a background task that supports the mission?

Tips for Starting the Process

Hunter and Saunders provide key tips for beginning the outsourcing process.

- Discuss the decision with key organizational stakeholders.
- Assure current HR staff that you're not replacing them and explain how outsourcing will actually allow them to assume a more pivotal role.
- Develop a clear, written summary of how outsourcing supports your strategic objectives.
- Decide which services can be outsourced.
- Conduct a cost comparison of your current model and the proposed change.
- Ensure you have a staff member or third-party consultant who can help with writing or negotiating contracts.
- Define key measures of success.

Some firms use a project-based approach to outsourcing rather than focusing on particular functions, says Haines. If you're not ready to dive in completely, that might be a good way of testing the waters. When your HR staff are too overloaded to handle a new project, pass it off to a capable outside firm.

Other companies have experimented with outsourcing HR altogether. However, many businesses find that maintaining their own HR department is still important, even if it outsources a number of tasks. This dedicated team should supervise all functions and make sure they're carried out successfully. Outsourcing certain tasks may simply allow the team to fulfill its mission more effectively.